

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
(A Component Unit of the  
Village of Arlington Heights, Illinois)

ANNUAL FINANCIAL REPORT

For the Year Ended  
April 30, 2012



Certified Public Accountants & Advisors

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
 ARLINGTON HEIGHTS, ILLINOIS  
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
Arlington Heights Memorial Library  
Arlington Heights, Illinois

We have audited the accompanying financial statements of the governmental activities and each major fund of the Arlington Heights Memorial Library (a component unit of the Village of Arlington Heights, Illinois), as of and for the year ended April 30, 2012, which collectively comprise the Arlington Heights Memorial Library's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Arlington Heights Memorial Library's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the basic financial statements present only the financial position and changes in financial position of the Arlington Heights Memorial Library and are not intended to present fairly the financial position of the Village of Arlington Heights, Illinois and the changes in its financial position, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Arlington Heights Memorial Library, as of April 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Arlington Heights Memorial Library adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the Arlington Heights Memorial Library's governmental funds' assets or liabilities nor was there any effect on the total amount of any of the Arlington Heights Memorial Library's governmental fund balances as of and for the year ended April 30, 2012.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Arlington Heights Memorial Library's basic financial statements. The financial information listed as schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "S. L. L.", is positioned in the lower right area of the page.

Naperville, Illinois  
September 7, 2012

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

# ARLINGTON HEIGHTS MEMORIAL LIBRARY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Introduction**

This is a narrative overview and analysis of the financial activities of the Arlington Heights Memorial Library for the fiscal year ended April 30, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that is in the library's financial statements.

### **Financial Highlights**

- According to the Statement of Net Assets, the assets of the library exceeded its liabilities at the close of the most recent fiscal year, April 30, 2012, by \$14,217,009. Of this amount, net assets of \$6,935,408 may be used to meet the Library's ongoing services for Culture, Education and Recreation for citizens and obligations to creditors.
- According to the Balance Sheet of Governmental Funds, as of the close of the current fiscal year, the Library's governmental funds reported a total fund balance of \$7,545,534 which will be spent in the following manner; \$33,748 in prepaid material, \$2,878,924 for capital improvements, \$200,000 for insurance reserves and the remaining \$4,432,862 may be used at the library's discretion.

This discussion and analysis are intended to serve as an introduction to the library's basic financial statements. The library's financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the general purpose external financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the library's finances. The statement of net assets presents information about the library's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the library is improving or deteriorating.

The statement of activities presents information showing how the library's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement from some items that will only result in cash flows in future fiscal periods (e.g. unused compensated absences, other post-employment benefits payable, grant receivables and accrued interest expense.)

The government-wide financial statements distinguish functions of the library that are principally supported by taxes and intergovernmental revenue (governmental activities.) The governmental activities of the library reflect the library's basic services, including materials collections, reference and readers' services, programming, inter-library loan and outreach services.

(See independent auditor's report)

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives in accordance with GASB54. The library, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The library adopts an annual budget for the general fund. A budgetary comparison statement has been provided elsewhere in this report to demonstrate compliance with the budget.

## **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds' financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Fund Balance** - the difference between assets and liabilities in a governmental fund.

***Nonspendable Fund Balance*** - the portion of a governmental fund's net assets that are not available to be spent, either short-term or long-term, in either form or through legal restrictions (e.g., inventories, prepaid items, land held for resale and endowments.)

***Restricted Fund Balance*** - the portion of a governmental fund's net assets that are subject to external enforceable legal restrictions (e.g. grantor, contributors and property tax levies.)

***Unrestricted Fund Balance*** is made up of three sub-categories:

***Committed Fund Balance*** - the portion of a governmental fund's net assets with self-imposed constraints or limitations that have been placed at the highest level of decision making.

***Assigned Fund Balance*** - the portion of a governmental fund's net assets to denote an intended use of resources

***Unassigned Fund Balance*** - available expendable financial resources in a governmental fund that are not the object of any tentative management plan (i.e. assignments.)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

(See independent auditor's report)

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9-21 of the financial report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information which can be found on pages 22-25 of the financial report.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. In the case of the Arlington Heights Memorial Library, as the following table demonstrates, assets exceeded liabilities by \$14,217,009 at the close of the most recent fiscal year.

**Table 1**  
**Summary of the Statement of Net Assets**

	<u>April 30</u>	
	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$21,500,253	\$19,857,877
Capital Assets, net of accumulated depreciation	<u>7,281,601</u>	<u>7,779,436</u>
<b>Total Assets</b>	<b>\$28,781,854</b>	<b>\$27,637,313</b>
Current and Other Liabilities	\$ 1,405,988	\$ 1,194,079
Deferred Property Taxes	<u>13,158,857</u>	<u>\$13,028,572</u>
<b>Total Liabilities</b>	<b>\$14,564,845</b>	<b>\$14,222,651</b>
Net Assets		
Invested in capital assets	\$ 7,281,601	\$ 7,779,436
Unrestricted for Culture, Education and Recreation	<u>6,935,408</u>	<u>\$ 5,635,226</u>
<b>Total Net Assets</b>	<b><u>\$14,217,009</u></b>	<b><u>\$13,414,662</u></b>

The largest portion of the Library's net assets, \$7,281,601, reflects its investment in capital assets (e.g. land, building and improvements, equipment, and furniture and fixtures.) The library uses these capital assets to provide services to citizens. The remaining balance of the net assets of \$6,935,408 may be used to meet ongoing obligations to citizens and creditors.

(See independent auditor's report)



## Governmental Activities

The following table summarizes the revenue and expenses of the library's governmental activities for fiscal year ended April 30, 2012. Governmental activities increased the Library's net assets by \$802,347.

**Table 2**  
**Changes in Net Assets**

	<u>For the Year Ended April 30</u>	
	<u>2012</u>	<u>2011</u>
<b>Revenue</b>		
Program Revenue		
Charges for Services	\$ 241,260	\$ 260,310
Operating Grants and Donations	185,560	172,346
General Revenue		
Property Taxes	13,014,353	12,769,651
Investment Income	54,049	82,350
Miscellaneous	27,529	29,854
	<u>\$ 13,522,751</u>	<u>\$13,314,511</u>
<b>Expenses</b>		
Culture, Education and Recreation	<u>\$ 12,720,404</u>	<u>\$12,304,543</u>
	<u>\$ 12,720,404</u>	<u>\$12,304,543</u>
<b>Changes in Net Assets</b>	<u>\$ 802,347</u>	<u>\$ 1,009,968</u>
<b>Total Net Assets Beginning of the Year</b>	<u>\$ 13,414,662</u>	<u>\$12,404,964</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 14,217,009</u>	<u>\$13,414,662</u>

## Governmental Funds Analysis

Most of the library's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending.

**Table 3**  
**Summary Statement of Revenue and Expenditures**

	For the Year Ended April 30	
	2012	2011
<b>Revenue</b>		
Property Taxes	\$ 13,014,353	\$ 12,769,651
Fines, Service Fees, Photocopies	241,260	260,310
Gifts & Grants	187,338	172,175
Investment Income	54,049	82,350
Miscellaneous	27,529	29,854
<b>Total Revenue</b>	<b>\$ 13,524,529</b>	<b>\$ 13,314,340</b>
<b>Expenditures</b>		
Salaries and Benefits	\$ 8,677,401	\$ 8,455,273
Capital Outlay	331,351	801,379
Printed Materials (Books & Periodicals)	791,346	807,172
Nonprint Materials & Electronic Resources	590,372	584,402
Public Programs, Printing	127,722	112,590
All other operating expenditures*	1,671,151	1,370,871
<b>Total Expenditures</b>	<b>\$ 12,189,343</b>	<b>\$ 12,131,687</b>

\*Building insurance, general office supplies, processing costs, audit, professional fees, contractual services, contingencies, utilities, etc.

**Capital Assets**

The library's investment in capital assets for governmental activities at April 30, 2012, was \$7,281,601. This investment in capital assets includes land, building and improvements, equipment, and furniture and fixtures. See page 15 of the financial statements.

**Table 4**  
**Capital Assets**

	For the Year Ended April 30	
	2012	2011
<b>Assets</b>		
Land	\$ 142,378	\$ 142,378
Buildings and Improvements	13,600,027	13,600,027
Equipment, Furniture and Fixtures	4,150,460	4,139,616
	\$17,892,865	\$ 17,882,021
Less – Accumulated Depreciation	(10,611,264)	(10,102,585)
<b>Total (net of depreciation)</b>	<b>\$ 7,281,601</b>	<b>\$ 7,779,436</b>

## General Fund

The General Fund is the only operating fund of the library. As of the end of the current fiscal year, the ending fund balance is \$7,545,534, a net increase of \$1,335,186 from the prior year.

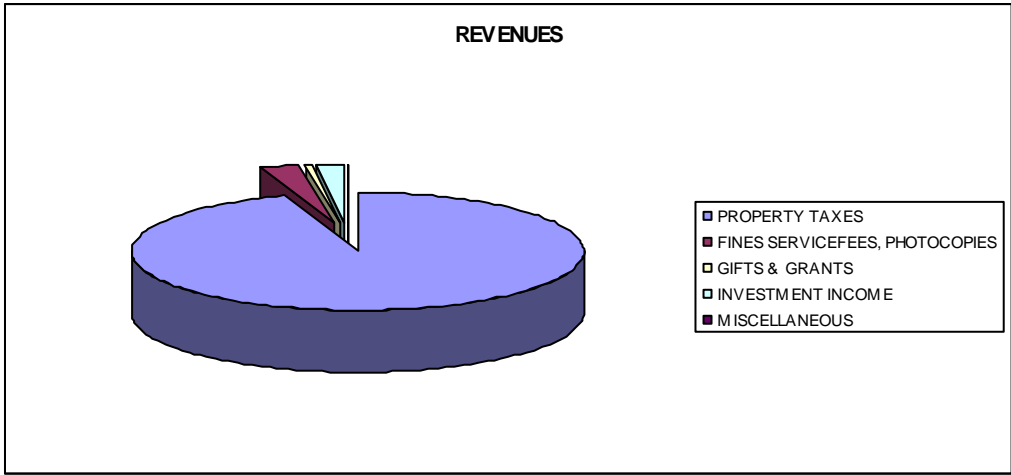
**Table 5**  
**General Fund**  
**Year Ended April 30, 2012**

	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	
<b>Revenue</b>			
Taxes	\$ 13,028,572	13,028,572	13,014,353
Intergovernmental	6,500	6,500	107,239
Charges for Services	263,500	263,500	241,260
Interest Income	50,000	50,000	54,049
All other revenue	73,600	73,600	107,628
<b>Total Revenue</b>	<b><u>\$ 13,422,172</u></b>	<b><u>13,422,172</u></b>	<b><u>\$13,524,529</u></b>
<b>Expenditures</b>			
Culture, Education and Recreation	\$ 12,497,949	\$12,497,949	\$11,857,992
Capital Outlay	1,109,524	1,109,524	331,351
<b>Total Expenditures</b>	<b><u>\$ 13,607,473</u></b>	<b><u>\$13,607,473</u></b>	<b><u>\$12,189,343</u></b>
<b>Net Change</b>	<b><u>\$ (185,301)</u></b>	<b><u>\$ (185,301)</u></b>	<b>1,335,186</b>
<b>Fund Balance (May 1, 2011)</b>			<b><u>6,210,348</u></b>
<b>Fund Balance (April 30, 2012)</b>			<b><u>\$ 7,545,534</u></b>

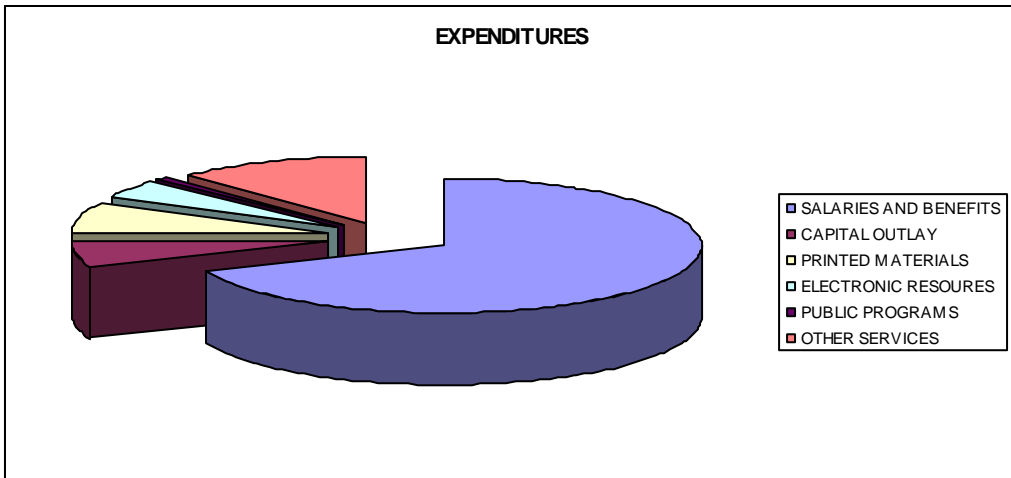
## Financial Outlook

The library is currently considering a 0% increase for the aggregate 2012 tax levy. The Board of Library Trustees feels this is responsive to residents' concerns in the current economic climate while maintaining the Five Star quality of library services that is expected by the residents. The library receives 96% of its revenue from real estate taxes. The receipt of real estate taxes remained steady in FY11-12. The library has not yet received its FY2012 per capita grant in the amount of \$77,016 and is in the process of applying for the FY12-13 grant in the fall of 2012. The library has a strong reserve fund of \$7,545,534 that equals 51% of the projected expenditures in the next fiscal year. This fund would sustain the library's operations for approximately 7 months; however, the library will expend \$2,800,000 on the 2012 renovation project. The library has chosen to transfer these monies out of the general fund to a capital fund to not increase the residents' tax levy.

(See independent auditor's report)



<b>PROPERTY TAXES</b>	<b>96%</b>
<b>FINES, SERVICE FEES</b>	<b>1.7%</b>
<b>GIFTS &amp; GRANTS</b>	<b>1%</b>
<b>INVESTMENT INCOME</b>	<b>.3%</b>
<b>MISCELLANEOUS</b>	<b>1%</b>



<b>SALARIES AND BENEFITS</b>	<b>71%</b>
<b>CAPITAL OUTLAY</b>	<b>3%</b>
<b>PRINTED MATERIALS</b>	<b>7%</b>
<b>ELECTRONIC RESOURCES</b>	<b>5%</b>
<b>PUBLIC PROGRAMS</b>	<b>1%</b>
<b>OTHER SERVICES</b>	<b>13%</b>

**Requests for Information**

This financial report is designed to provide a general overview of Arlington Heights Memorial Library's finances. Questions and comments concerning any information provided in this report should be addressed to Pat Berman, Finance Manager, Arlington Heights Memorial Library, 500 N. Dunton Avenue, Arlington Heights, Illinois 60004.

(See independent auditor's report)  
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ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2012

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 15,098,246
Property taxes receivable (net)	6,275,214
Grant receivable	77,016
Accrued interest	16,029
Prepaid expenses	33,748
Capital assets not being depreciated	142,378
Capital assets (net of accumulated depreciation)	<u>7,139,223</u>
 Total assets	 <u>28,781,854</u>
<b>LIABILITIES</b>	
Accounts payable	480,311
Accrued payroll	238,535
Deferred property taxes	13,158,857
Compensated absences payable	273,344
Noncurrent liabilities	<u>413,798</u>
 Total liabilities	 <u>14,564,845</u>
<b>NET ASSETS</b>	
Invested in capital assets	7,281,601
Unrestricted	<u>6,935,408</u>
 TOTAL NET ASSETS	 <u><u>\$ 14,217,009</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

FUNCTIONS/PROGRAMS	Program Revenue				Net (Expense) Revenue and Change in Net Assets
PRIMARY GOVERNMENT	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental activities					
Culture, recreation, and education	\$ 12,720,404	\$ 241,260	\$ 185,560	\$ -	\$ (12,293,584)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 12,720,404	\$ 241,260	\$ 185,560	\$ -	(12,293,584)
			General revenue		
			Taxes		
			Property		13,014,353
			Investment income		54,049
			Miscellaneous		27,529
			Total		13,095,931
			CHANGE IN NET ASSETS		802,347
			NET ASSETS, MAY 1, 2011		13,414,662
			NET ASSETS, APRIL 30, 2012		\$ 14,217,009

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2012

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	<u>General</u>
<b>ASSETS</b>	
Cash and investments	\$ 15,098,246
Property taxes receivable (net)	6,275,214
Grant receivable	77,016
Accrued interest	16,029
Prepaid items	<u>33,748</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 21,500,253</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 480,311
Accrued payroll	238,535
Deferred revenue - grant	77,016
Deferred property taxes	<u>13,158,857</u>
<b>Total liabilities</b>	<b><u>13,954,719</u></b>
<b>FUND BALANCE</b>	
Nonspendable	33,748
Unrestricted	
Committed for capital projects	690,666
Assigned for library renovation 2012	2,388,258
Unassigned	<u>4,432,862</u>
<b>Total fund balance</b>	<b><u>7,545,534</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 21,500,253</u></b>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

April 30, 2012

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 7,545,534
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,281,601
Grant revenues that are earned but not available are deferred on the fund financial statement level but are recognized as revenue on the statement of activities	77,016
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences	(273,344)
Other postemployment benefits obligation	<u>(413,798)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,217,009</u>

See accompanying notes to financial statements.



ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

For the Year Ended April 30, 2012

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	<u>General</u>
REVENUE	
Property taxes	
Property taxes - General	\$ 11,831,722
Property taxes - IMRF	672,885
Property taxes - FICA	509,746
Intergovernmental	
State grants	78,794
Other restricted	28,445
Copier and film printer fees	38,010
Fines and fees	203,250
Investment income	54,049
Contributions	80,099
Miscellaneous	<u>27,529</u>
Total revenue	<u>13,524,529</u>
EXPENDITURES	
Culture, recreation, and education	
Salaries	6,641,324
Fringe benefits	2,036,077
Contractual services	1,291,146
Commodities	1,851,846
Capital outlay	331,351
Other charges	<u>37,599</u>
Total expenditures	<u>12,189,343</u>
NET CHANGE IN FUND BALANCE	1,335,186
FUND BALANCE, MAY 1, 2011	<u>6,210,348</u>
FUND BALANCE, APRIL 30, 2012	<u><u>\$ 7,545,534</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

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NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,335,186
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	63,974
Depreciation in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds	(561,809)
Grant revenues that are earned but not available are deferred on the fund financial statement level, but are recognized as revenue on the statement of activities	(1,778)
The increase in other postemployment benefits obligation is reported as an expenditure when due in the governmental funds, but as an expense accrual in the statement of activities	(24,189)
The decrease in compensated absences is reported as a reduction of expenditures when due in the governmental funds, but as an expense accrual in the statement of activities	<u>(9,037)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES	<u><u>\$ 802,347</u></u>

See accompanying notes to financial statements.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Arlington Heights Memorial Library (the Library) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

a. Reporting Entity

The Library operates and maintains the public library within the Village of Arlington Heights, Illinois (the Village). The Library is a legally separate entity whose Board is elected by the voters of the Village. The Library may not issue bonded debt without the Village's approval. The Library Board has exclusive control of the expenditure of all monies collected for the Library and deposited to the credit of the Library Fund. As required by generally accepted accounting principles, these financial statements present the Library and any existing component units. Currently, the Library does not have any component units and is considered to be a component unit of the Village.

b. Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. All funds are classified as governmental funds.

The financial position and changes in financial position of the Library's funds are reported in the basic financial statements of the Village as a component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Library. Governmental activities are normally supported by taxes, fees, and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and standard revenue that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

The Library reports the following major governmental fund:

The General Fund is the Library's only fund for the year ended April 30, 2012. It accounts for all financial resources of the Library.

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. The Library recognizes property taxes when they become both measurable and available in the year intended to finance operations. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

Those revenues susceptible to accrual are property taxes and interest revenue. Fine revenue is not susceptible to accrual because generally it is not measurable until received in cash.

The Library reports deferred revenues on its financial statements. Deferred revenues arise when potential revenues do not meet both the measurable and available or earned criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Library before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Library has a legal claim to the resources, the liability for deferred revenues is extinguished and revenues are recognized.

e. Cash and Investments

The Library's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
 ARLINGTON HEIGHTS, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets (Continued)

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Equipment, furniture, and fixtures	3-10

g. Compensated Absences

Accumulated, vested vacation of governmental employees is recorded as an expense and liability as the benefits accrue to employees.

h. Fund Balances/Net Assets

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or are legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the Library. Committed fund balance is constrained by formal actions of the Library's Board of Trustees, which is considered the Library's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the Library's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Executive Director. Any residual fund balance in the General Fund and any deficit fund balance of any other governmental fund are reported as unassigned.

The Library's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Library considers committed funds to be expended first followed by assigned funds and then unassigned funds.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. The Library does not report any restricted net assets. Invested in capital assets is the book value of capital assets.

## 2. DEPOSITS AND INVESTMENTS

The Library's investment policy authorizes the Library to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants' fair value), and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. The Library's investment policy limits its deposits with financial institutions to institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the Library to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Library and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, liquidity, and yield.

### Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library's deposits may not be returned to it. The Library's investment policy requires the pledging of collateral with a fair value of not less than 110% of the funds secured for all bank balances in excess of federal depository insurance, with the collateral held by an independent third party or the Federal Reserve Bank of Chicago for the account of the Village.

### Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for cash requirements for ongoing operations and investing in short-term securities, money market funds, or similar investment pools.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

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2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer of a debt security will not pay its principal value upon maturity. The Library limits its exposure to credit risk by limiting investments to the safest types of securities; pre-qualifying the financial institutions, intermediaries, and advisors with which the Library will conduct business; and diversifying the investment portfolio so that potential losses on individual investments will be minimized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Library will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Library's investment policy requires all securities transactions that are exposed to custodial credit risk be processed on a delivery versus payment (DVP) basis with the underlying investments held by an independent third party custodian and evidenced by safekeeping receipts and a written custodial agreement.

Concentration of credit risk is the risk that the Library has a high percentage of its investments invested in one type of investment. The Library's investment policy requires diversification of investments to avoid unreasonable risk by limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities); limiting investment in securities that have higher credit risks; investing in securities with varying maturities; and continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPS) or money market funds to ensure that proper liquidity is maintained in order to meet ongoing obligations.

3. RECEIVABLES - TAXES

Property taxes for 2011 attach as an enforceable lien on January 1, 2011 on property values assessed as of the same date. Taxes are levied by December 31, 2011 by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about the following February 1 and July 1 and are payable in two installments, on or about March 1 and August 1. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect projected collection experience. The uncollected portion of the 2011 tax levy less the allowance has been recorded as a receivable; the entire 2011 tax levy has been recorded as deferred revenue at April 30, 2012. The 2012 tax levy, which attached as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012 as the tax has not yet been levied by the Library and will not be levied until December 2012 and, therefore, the levy is not measurable at April 30, 2012.



ARLINGTON HEIGHTS MEMORIAL LIBRARY  
 ARLINGTON HEIGHTS, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

	Balances May 1	Additions	Retirements	Balances April 30
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 142,378	\$ -	\$ -	\$ 142,378
Total capital assets not being depreciated	142,378	-	-	142,378
Capital assets being depreciated				
Buildings and improvements	13,600,027	-	-	13,600,027
Equipment, furniture, and fixtures	4,139,616	63,974	53,130	4,150,460
Total capital assets being depreciated	17,739,643	63,974	53,130	17,750,487
Less accumulated depreciation for				
Buildings and improvements	7,086,855	347,370	-	7,434,225
Equipment, furniture, and fixtures	3,015,730	214,439	53,130	3,177,039
Total accumulated depreciation	10,102,585	561,809	53,130	10,611,264
Total capital assets being depreciated, net	7,637,058	(497,835)	-	7,139,223
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 7,779,436</b>	<b>\$ (497,835)</b>	<b>\$ -</b>	<b>\$ 7,281,601</b>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

<b>GOVERNMENTAL ACTIVITIES</b>		
Culture, recreation, and education		<u>\$ 561,809</u>

5. NONCURRENT LIABILITIES

During the year, the following changes occurred in liabilities reported in long-term liabilities:

	Balances May 1	Additions	Retirements	Balances April 30	Due Within One Year
Net other postemployment benefits obligation	\$ 389,609	\$ 24,189	\$ -	\$ 413,798	\$ -

6. PENSION COMMITMENTS

Participating employees are covered by the Illinois Municipal Retirement Fund (IMRF) through the administrative government, the Village. Contributions are paid by the administrative government and are reimbursed by the Library.

Although IMRF is an agent multiple-employer pension plan, the Library's participation through the Village is considered to be that of a cost sharing, multiple-employer pension plan.

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village and the Library are required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. A separate actuarial valuation for Library employees is not performed. Actuarial information regarding IMRF is presented in the Village's Comprehensive Annual Financial Report.

The amount shown below as the actuarial accrued liability is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service as of December 31, 2011. The measure is intended to help users assess the funding status of IMRF on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers as of December 31, 2011. The measure is the actuarial entry-age normal method prorated on service and is the same as the funding method used to determine contributions to IMRF.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
 ARLINGTON HEIGHTS, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. PENSION COMMITMENTS (Continued)

IMRF Funding Status	Total Village	Library Portion*
Actuarial accrued liability (AAL)		
2012 (as of December 31, 2011)	\$ 72,973,641	\$ 19,265,041
2011 (as of December 31, 2010)	72,376,162	18,443,752
2010 (as of December 31, 2009)	71,648,428	17,462,772
Actuarial value of assets		
2012 (as of December 31, 2011)	\$ 49,241,073	\$ 12,999,644
2011 (as of December 31, 2010)	50,606,529	12,896,156
2010 (as of December 31, 2009)	49,309,278	12,018,082
Unfunded actuarial accrued liability (UAAL)		
2012 (as of December 31, 2011)	\$ 23,732,568	\$ 6,265,398
2011 (as of December 31, 2010)	21,769,633	5,547,596
2010 (as of December 31, 2009)	22,339,150	5,444,690
Funded ratio (actuarial value of plan assets/AAL)		
2012 (as of December 31, 2011)	67.48%	67.48%
2011 (as of December 31, 2010)	69.92%	69.92%
2010 (as of December 31, 2009)	68.82%	68.82%
Covered payroll (active plan members)		
2012 (year ended December 31, 2011)	\$ 22,580,121	\$ 5,961,152
2011 (year ended December 31, 2010)	22,717,051	5,789,028
2010 (year ended December 31, 2009)	24,788,996	6,041,788
UAAL as a percentage of covered payroll		
2012 (as of December 31, 2011)	105.10%	105.10%
2011 (as of December 31, 2010)	95.83%	95.83%
2010 (as of December 31, 2009)	90.12%	90.12%

\* Allocation based on Library contribution rate to total Village and Library contribution.  
 The effects of the early retirement incentive have been excluded from the calculation.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description, Benefits Offered, and Funding Policy

In addition to providing the pension benefits described, the Library offers pre and post-Medicare postretirement health insurance to retirees, their spouses, and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under the Library's retirement plan. If the retiree elects to participate, the retiree pays the then current full blended premium. Although there is no explicit subsidy as the Library does not pay the retiree premium, there is an implicit subsidy as defined by GASB Statement No. 45 as the retiree pays the same premium as an active employee. Upon a retiree becoming eligible for Medicare, the amount payable under the Library's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

The postemployment health care benefits (OPEB) for retired employees are offered through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee/retiree contributions, and employer contributions are governed by the Village/Library and can be amended by the Village/Library through their personnel manuals. The Plan is not accounted for as a trust fund as an irrevocable trust has not been established to account for the Plan. The Library is not required to, and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the Plan until retirement. The Plan does not issue a separate report. The activity of the Plan is reported in the Library's governmental activities.

At April 30, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>105</u>
 TOTAL	 <u>151</u>
 Participating employers	 <u>1</u>

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
 ARLINGTON HEIGHTS, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2010	\$ 202,903	\$ 23,520	11.59%	\$ 359,631
April 30, 2011	97,161	67,183	69.15%	389,609
April 30, 2012	97,418	73,229	75.17%	413,798

The net OPEB obligation as of April 30, 2012, was calculated as follows:

Annual required contribution	\$ 94,079
Interest on net OPEB obligation	17,532
Adjustment to annual required contribution	<u>(14,193)</u>
Annual OPEB cost	97,418
Contributions made	<u>73,229</u>
Increase in net OPEB obligation	24,189
Net OPEB obligation, beginning of year	<u>389,609</u>
<b>NET OPEB OBLIGATION, END OF YEAR</b>	<u><u>\$ 413,798</u></u>

Funded Status and Funding Progress: The funded status and funding progress of the Plan as of April 30, 2010, was as follows (most recent data available):

Actuarial accrued liability (AAL)	\$ 1,564,397
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,564,397
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 4,589,180
UAAL as a percentage of covered payroll	34.09%

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions - projections of benefits for financial reporting purposes, are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2010 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 4.5% and an initial healthcare cost trend rate of 9.0% with an ultimate healthcare inflation rate of 5.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Library has not advance funded its obligation. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2010 was 30 years.

8. RISK MANAGEMENT

The Library is exposed to various risks of loss including, but not limited to, general liability, property, casualty, illnesses of employees, workers' compensation, and public officials' liability. To limit exposure to these risks, the Library has purchased third party indemnity insurance. Claims incurred have not exceeded purchased coverage during the current and three previous fiscal years. The Library participates in the Village insurance program with respect to employee health risks.

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (Continued)

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9. COMMITTED FUND BALANCE

Committed fund balance in the General Fund consists of the following:

Carpet Replacement	\$ 100,000
Teen Area Modification	100,000
Adult New Book/AV Reconfiguration	250,000
New Service Model	100,000
Drive-up book drop relocation	75,000
Automatic Doors Dunton Entrance	10,000
Northwest corner of Reference room	20,000
Teen space Technology	<u>35,666</u>
Total	<u>\$ 690,666</u>

10. PENSION CONTRIBUTIONS

The Library participates with the Village of Arlington Heights, Illinois in providing pension benefits to employees through the Illinois Municipal Retirement Fund (IMRF), which is an agent multiple-employer defined benefit plan. The Library's participation is essentially equivalent to that of a cost-sharing multiple-employer plan. Per election by the Village to use an alternate, "phased-in rate" offered by IMRF, contributions of both the Library and the Village for the past two years, while in accordance with IMRF guidelines, have been less than the full amount of the annual required contributions recommended by IMRF's actuary. This has resulted in the Village being required to report a net pension obligation on its financial statements. Because the Library reports its pension liabilities and expenses on the basis of a cost-sharing plan, it does not report any net pension obligation on its financial statements. During fiscal 2013 the Library, at its discretion, may elect to make contributions to IMRF (through the Village) to retire its proportionate share of the net pension obligation, which is estimated to be approximately \$225,000 as of April 30, 2012. The final amount is expected to be determined during fiscal 2013 after appropriate consultation with IMRF.

REQUIRED SUPPLEMENTARY INFORMATION



ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual
<b>REVENUE</b>		
Property taxes		
Property taxes - General	\$ 11,742,788	\$ 11,831,722
Property taxes - IMRF	781,373	672,885
Property taxes - FICA	504,411	509,746
Intergovernmental		
State grants	-	78,794
Other restricted	6,500	28,445
Copier and film printer fees	38,500	38,010
Fines and fees	225,000	203,250
Investment income	50,000	54,049
Contributions	66,200	80,099
Miscellaneous	7,400	27,529
	<u>13,422,172</u>	<u>13,524,529</u>
Total revenue		
<b>EXPENDITURES</b>		
Culture, recreation, and education		
Salaries	6,792,165	6,641,324
Fringe benefits	2,310,641	2,036,077
Contractual services	1,298,128	1,291,146
Commodities	2,066,015	1,851,846
Capital outlay	1,109,524	331,351
Other charges	31,000	37,599
	<u>13,607,473</u>	<u>12,189,343</u>
Total expenditures		
NET CHANGE IN FUND BALANCE	<u>\$ (185,301)</u>	1,335,186
FUND BALANCE, MAY 1, 2011		<u>6,210,348</u>
FUND BALANCE, APRIL 30, 2012		<u>\$ 7,545,534</u>

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2012

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Actuarial Valuation Date April 30	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 2,386,457	0.00%	\$ 2,386,457	\$ 6,288,263	37.95%
2010	-	1,564,397	0.00%	1,564,397	4,589,180	34.09%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total Village postemployment benefit obligation.

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS PLAN

April 30, 2012

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Fiscal Year Ended April 30	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 21,578	\$ 201,826	10.69%
2010	23,520	201,826	11.65%
2011	67,183	94,079	71.41%
2012	73,229	94,079	77.84%

The Library implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The amounts above are allocated based on the Library's portion of the total Village net other postemployment benefit obligation.

(See independent auditor's report.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

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Budgets are adopted on a basis consistent with generally accepted accounting principles. The budget is prepared for the General Fund by function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the Library Board of Trustees for review. This governing body holds public meetings and may add to, subtract from, or change appropriations. The budget may be amended by the governing body. State statutes and local ordinances require that the budget be approved before the beginning of the fiscal year.

Expenditures may not legally exceed budgeted appropriations at the fund level.

## SUPPLEMENTAL DATA

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2012

	Original and Final Budget	Actual
<b>Executive office</b>		
<b>Administration</b>		
Salaries	\$ 550,741	\$ 561,184
Benefits	217,815	96,904
Contractual services	197,593	176,702
Commodities	49,715	32,983
Other charges	10,000	31,056
	<u>1,025,864</u>	<u>898,829</u>
<b>Public information</b>		
Salaries	232,637	235,647
Benefits	83,267	78,248
Contractual services	66,874	77,272
Commodities	32,025	19,265
	<u>414,803</u>	<u>410,432</u>
<b>Human resources</b>		
Salaries	106,336	107,189
Benefits	27,256	27,215
Contractual services	34,030	21,965
Commodities	4,000	3,077
Other charges	11,000	2,670
	<u>182,622</u>	<u>162,116</u>
<b>Paid by gifts and grants</b>		
Contractual services	5,000	31,314
Commodities	45,000	32,891
Capital outlay	15,000	36,308
	<u>65,000</u>	<u>100,513</u>
<b>Total executive office</b>	<u>1,688,289</u>	<u>1,571,890</u>

(This schedule is continued on the following pages.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2012

	Final Budget	Actual
Public services		
Administration		
Salaries	\$ 287,855	\$ 300,722
Benefits	30,852	28,559
Contractual services	184,597	167,623
Commodities	5,000	599
	<u>508,304</u>	<u>497,503</u>
Reimbursable activities		
Commodities	4,599	3,324
	<u>4,599</u>	<u>3,324</u>
Youth services		
Salaries	695,577	667,442
Benefits	205,199	188,488
Contractual services	21,213	20,709
Commodities	327,786	316,522
	<u>1,249,775</u>	<u>1,193,161</u>
Community services		
Salaries	334,719	315,348
Benefits	125,144	113,614
Contractual services	32,696	19,739
Commodities	7,417	7,213
	<u>499,976</u>	<u>455,914</u>
Reference		
Salaries	684,542	593,324
Benefits	218,073	186,642
Contractual services	24,816	87,165
Commodities	408,011	345,594
	<u>1,335,442</u>	<u>1,212,725</u>

(This schedule is continued on the following pages.)

ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2012

	Final Budget	Actual
Public services (Continued)		
Periodicals		
Salaries	\$ 173,210	\$ 171,388
Benefits	40,690	39,182
Contractual services	10,156	8,457
Commodities	5,502	4,046
	<u>229,558</u>	<u>223,073</u>
Patron support services		
Salaries	380,114	399,459
Benefits	95,574	97,325
Contractual services	4,642	2,511
Commodities	5,484	4,485
	<u>485,814</u>	<u>503,780</u>
Circulation		
Salaries	1,421,365	1,440,629
Benefits	394,795	383,780
Contractual services	48,320	43,978
Commodities	6,149	5,172
Capital outlay	808,750	46,250
	<u>2,679,379</u>	<u>1,919,809</u>
Total public services	<u>6,992,847</u>	<u>6,009,289</u>
System and access services		
Administration		
Salaries	115,812	116,861
Benefits	35,203	33,738
Contractual services	35,275	21,584
Commodities	1,500	239
Capital outlay	82,424	72,871
Other charges	10,000	3,873
	<u>280,214</u>	<u>249,166</u>

(This schedule is continued on the following page.)



ARLINGTON HEIGHTS MEMORIAL LIBRARY  
ARLINGTON HEIGHTS, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Year Ended April 30, 2012

	<u>Final</u> <u>Budget</u>	<u>Actual</u>
<hr/>		
System and access services (Continued)		
Information technology		
Salaries	\$ 489,213	\$ 480,594
Benefits	197,501	182,435
Contractual services	135,866	132,249
Commodities	143,609	180,540
Capital outlay	203,350	175,922
	<u>1,169,539</u>	<u>1,151,740</u>
Technical services		
Salaries	658,934	623,000
Benefits	270,842	244,032
Contractual services	15,673	7,789
Commodities	54,528	48,368
	<u>999,977</u>	<u>923,189</u>
Collection management		
Salaries	294,342	293,256
Benefits	224,462	209,544
Contractual services	6,052	3,591
Commodities	806,290	753,424
	<u>1,331,146</u>	<u>1,259,815</u>
Maintenance		
Salaries	366,768	335,281
Benefits	143,968	126,371
Contractual services	475,325	468,498
Commodities	159,400	94,104
	<u>1,145,461</u>	<u>1,024,254</u>
Total system and access services	<u>4,926,337</u>	<u>4,608,164</u>
TOTAL EXPENDITURES	<u>\$ 13,607,473</u>	<u>\$ 12,189,343</u>

(See independent auditor's report.)